



EVANGELISCHE KIRCHE IN DEUTSCHLAND
OBERRECHNUNGSAMT

(English Version)

REPORT

ON THE AUDIT OF THE FINANCIAL STATEMENT FOR 2016

WORLD COMMUNION OF REFORMED CHURCHES
(WCRC)

HANOVER

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Annex1 - WCRC statement on the report on the audit of the financial statement for 2015

LIST OF IMPORTANT ABBREVIATIONS

BSt.	Buchungsstelle (Booking account, classification level in the finance software KFM)
CHF	Swiss Francs (Currency code according to ISO 4217 for the Swiss zone)
DVO.EKD	Dienstvertragsordnung der EKD (compensation regulation), new version from 25th August 2008 (ABl. EKD p. 341), last change on 29th September 2014 (ABl. EKD 2015 p. 2)
EKD	Evangelische Kirche in Deutschland (Evangelical Church in Germany)
EUR	Euro (Currency code according to ISO 4217 for the Euro zone)
Ev.-ref. church	Evangelical Reformed Church
GG	Grundgesetz für die Bundesrepublik Deutschland (Constitution for the Federal Republic of Germany)
KFM	Kirchliches-Finanz-Management (finance software of KIGST GmbH, Offenbach am Main)
Nds. MBl.	Niedersächsisches Ministerialblatt (ministerial law gazette of Lower Saxony, official public announcement gazette)
ORA	Oberrechnungsamt der Evangelischen Kirche in Deutschland (High Audit Office of the Evangelical Church in Germany)
ORAG	Church law on the High Audit Office of the Evangelical Church in Germany of 12 th November 1993 (ABl. EKD page 513)
SB	Sachbuchteil (Booking account, classification level in the finance software KFM)
Tz.	Textziffer (classification number of the content statements in this report)
UK	Unterkonto (sub-account - classification level in the finance software KFM)
USD	US-dollar (Currency code according to ISO 4217 for the US zone)
WGRK	Weltgemeinschaft Reformierter Kirchen (World Communion of Reformed Churches)
WRV	Weimarer Reichsverfassung (Weimar Constitution)

I. AUDIT BASICS

Audit assignment

The High Audit Office of the Evangelical Church in Germany (ORA) audits the budget and asset accounting of the World Communion of Reformed Churches (WCRC).

The audit assignment is based on an administrative agreement reached between the WCRC and the EKD on 10th/11th December 2014. The Standing Budget Committee of the EKD synod approved the acceptance of this audit assignment in its conference on 12th/13th March 2014.

Audit subject and aim

The report at hand is for the purpose of preparing the decision about the approval of the General Treasurer and the General Secretary for the management in the accounting year 2016 by the Executive Committee of the WCRC.

Possible reporting duties resulting from the hitherto status as a non-profit institution according to Swiss law to the Swiss authorities are not covered by this report.

Subject of the audit was the annual financial statement of the WCRC for the accounting year 2016.

For this, it was precisely audited:

- whether the budget and economic management as well as the asset administration in the accounting year 2016 took place correctly and according to applicable law and
- whether the annual accounts 2016 essentially convey an appropriate image of the results and asset situation.

The correctness of accounting was the audit standard in this case. In this respect, the audit aim was to determine whether there were considerable differences between the amounts mentioned in the accounting and those proven in the books and whether the approval and authorization of the annual accounts as well as the approval of the WCRC General Treasurer and the WCRC General Secretary by the Executive Committee can be recommended.

It is furthermore the assignment of the audit to check the budget and economic management of the WCRC. This specifically includes the administrative action, which is

not directly reflected in the annual accounts to be presented. In this case, the audit standards are the correctness and cost effectiveness of the actions.

For this, it was precisely audited:

- whether the entrusted resources were deployed in an adequate, economic and thrifty way,
- whether and in which cases of relevance the regulations and principles applicable to the budget and economic management were not complied with and
- what recommendations for action are to be derived from the audit results for the future, if applicable.

As a whole, it is the intention of the audit to support the elected leadership and organs of the WCRC in the execution of their functions and to stimulate economic thinking as well as responsible action concerning the handling of the resources entrusted to the organization.

Type, extent and execution of the audit

The ORA carried out the audit based on a risk-oriented audit approach. Accordingly, the audit must be planned and executed in such manner that any incorrectnesses and infringements in the accounting and the budget and economic management of the WCRC are recognized with adequate certainty. It was not the aim and task of the audit to trace discrepancies without significance in single cases or the whole.

The audit was carried out according to the dutiful judgment of the auditor in samples and according to certain foci. These were selected so that they allowed for the significance of the different audit topics, conveyed a meaningful image of the corresponding section and facilitated the conclusion as to whether applicable law had been complied with.

In this context, the following audit focuses were determined:

- correctness and completeness of the annual financial statement (appropriate reproduction of the asset and result situation, adherence to the budget),
- correctness of the asset evidence (correct compilation and applicable recording of the essential asset positions),
- employment process for new employees and

- inspection of single fields of high significance.

If action was taken against existing regulations in the case of single measures of those proven in the accounts and this remained without audit objections, no approval is to be deduced from this fact.

The audit was carried out by Ms. Tanja Küster and Mr. Ralph Schönemeier in the period from February to March 2017 – with interruptions. It temporarily took place in the WCRC office in the Calvin Centre in Hanover (Knochenhauerstr. 42).

The following documents were available for the audit among others:

- a) the 2016 budget for the WCRC,
- b) the financial statement presentation (annual financial statement KFM, SB 00) including the advances and transit accounts (SB 52) as well as the capital account (SB 92) for the budget year 2016 of 27th February 2017 (ZB closure no. 0409).

In addition, further WCRC files, especially the accounting documents (invoice documents and bank statements), were available. The records requested within the audit were submitted and/or access to the corresponding documents – if available - was allowed.

The audit was carried out based on the WCRC budget code (“WCRC General Finance Management Policies“), which has already been applied from the financial year 2013 onwards and was officially put into effect by the Executive Committee of the WCRC at its meeting of 11th to 18th May 2014. The information required on the occasion of the audit was provided by Ms Anna Krueger (Assistant for Finance and Communication) as well as Mr. Gerhard Plenter (Evangelical Reformed Church, Leer). In addition, other staff members were available for further enquiries.

Completeness statement

To ensure the audit basics the ORA has requested a representation letter for the financial statement 2016 from the WCRC. It was given by the General Secretary within the scope of this audit.

Final talk

A final telephone conversation informing about the substantial results of the audit took place on the occasion of the audit on 30th March 2017.

The participants were Mr. Plenter for the WCRC and Ms. Küster for the ORA.

II. ORGANIZATIONAL CIRCUMSTANCES

The World Communion of Reformed Churches (WCRC) is a non-profit-oriented, international, non-governmental organization representing 225 member churches from over 100 countries with a total of approx. 80 million Christians as a united ecumenical body for Reformed churches. It developed from the association of the Reformed Ecumenical Council (REC) and the World Alliance of Reformed Churches (WARC) in 2010 and succeeded them legally. The current WCRC constitution was approved by the Uniting General Council in 2010. The organization is officially based in Geneva.

In its self-concept, the WCRC follows the tradition of the Reformers Johannes Calvin, John Knox and Huldrych Zwingli as well as the Reformation movements around Jan Hus and Pierre Valdo.

The mission of the World Communion of Reformed Churches is to foster its member churches in their community and support them in the social discussion. In addition, it is also to contribute to the ecumenical movement and the transformation of the world by standing up for economic and ecological justice, world-wide peace and reconciliation, promoting and protecting religious, civil and all other human rights; appealing for emergency relief and continuous development in the world and promoting them as well as pointing out Reformed perspectives for unity among the churches (see article V of the constitution).

In terms of articles 60 and the following of the Swiss Civil Code, the WCRC is constituted as an association. In Germany, its status is that of a public body in terms of article 140 GG in conjunction with article 137 paragraph 5 page 2 WRV, awarded by the Federal Government of Lower Saxony, order issued on 11th December 2012¹. It is subject to state supervision by the Ministry of Culture of Lower Saxony.

In addition, a contract for the regulation of issues corresponding to the legislative responsibility of the federal government was concluded between the Federal Republic of Germany and the WCRC dated 11th/14th April 2014. It was ratified by Federal Law on 10th December 2014.

¹ see announcement of the Ministry of Culture of Lower Saxony of 16th January 2013 (Nds. MBI 4/2013, page 67)

The organs of the WCRC are:

- the General Council (with President and General Treasurer),
- the Executive Committee and
- the General Secretary.

The Chief Executive Officer of the WCRC is the General Secretary elected by the Executive Committee. According to article XII of the constitution, he bears the responsibility for the management and coordination of their work towards the General Council and the Executive Committee. On 1st September 2014, Rev. Chris Ferguson (United Church of Canada) became the current office holder.

The current WCRC President is Dr. Jerry Pillay (South Africa). The office of General Treasurer was assigned to Dr. Johann Weusmann (Germany).

The current administration of the WCRC is assumed by an operational office directed by the General Secretary. It was based in Hanover (Germany) during the audit period.

The accounting year (budget year) is the calendar year.

III. ACCOUNTING / PRESENTATION OF THE ACCOUNTING RESULTS

As before, the WCRC accounting was carried out in the cameralistic accounting style using the software KFM – Kirchliches-Finanz-Management (of the company KIGST GmbH – Offenbach am Main, Germany).

The ORA did not check the software applied. Within the scope of the audit activities, however, there were no indications leading to the assumption that the application might contain essential errors.

According to general financial principles, the annual accounts are to convey an adequate image of both the asset and the result situation. This can be summarized as follows:

Presentation of the result situation

The accounts results of the audit period according to the documents presented for the audit are as follows:

WGRK Annual Statement 2016	Revenues	Expenses
	EUR	EUR
Budget appropriation according to budget	2.912.100,00	2.912.100,00
TARGET COSTS 2016 (plan valuation)	2.912.100,00	2.912.100,00
According to the annual financial statement the following amount to:		
The actual receipts	2.493.886,34	
The transfers from program reserves	574.378,42	
The transfers from other reserves	97.909,47	
The actual expenditures		2.460.585,81
The allocations to program reserves		599.321,53
The allocations to other reserves		39.791,16
The surplus 2015 (allocation to General Reserve)		66.475,73
ACTUAL COSTS 2015 (result)	3.166.174,23	3.166.174,23

Handling of the General Council

The investment budget (SB 02) was created for the accounting execution of the handling of the General Council taking place in the year 2017.

The accounts results of the audit period according to the documents presented for the audit are as follows:

Identification	Budgeted figures plan EUR	Opening balance anticipation / Surplus from 2015	Revenues 2016 EUR	Expenses 2016 EUR	Surplus remaining funds carried forward to 2017 EUR	Anticipation carried forward to 2017 EUR
General Council	3.550.400,00	275.781,23	54.660,25	10.406,50	320.034,98	
Planning Committee	40.000,00	36.980,17	-	16.883,44	20.096,73	
Worship Committee	20.000,00	-	-	11.770,97	-	11.770,97
Communication	250.000,00	- 2.832,20	-	55.020,51	-	52.188,31
Youth Council	12.600,00	-	-	159,70	-	159,70
Women's Council	12.500,00	-	-	-	-	-
Wittenberg Day	20.300,00	-	-	-	-	-
Berlin Visit	73.400,00	-	-	-	-	-
Berlin Visit Performance	11.500,00	-	-	-	-	-
Indaba	35.000,00	-	-	-	-	-
Psalm Concert	46.300,00	-	-	177,70	-	177,70
Social Art Project Leipzig	46.800,00	-	-	87,75	-	87,75
Youth Cathering "Meet the World"	104.600,00	-	-	726,18	-	726,18
Global Players Exhibition	46.000,00	-	9.585,55	10.184,48	-	598,93
Reception by Lord Mayor	30.300,00	-	-	-	-	-
GIT Core	369.900,00	-	82.471,89	19.548,51	62.923,38	-
GIT Preparatory Meetings	11.500,00	-	-	7.391,90	-	7.391,90
GIT Wuppertal and Leipzig	286.900,00	-	-	-	-	-
Leipzig Event	533.500,00	-	-	-	-	-
Total:	5.501.500,00	309.929,20	146.717,69	132.357,64	403.055,09	73.101,44

Advances and transit accounts

The advances and transit accounts (SB 52) of the WCRC were randomly audited. They were predominantly balanced within the year-end tasks. This especially refers to the passage accounts. The audit revealed no indications concerning any relevant cases of delayed accounting. As far as any audit-relevant circumstances arose, these were broached and/or spoken about during the audit statements.

The advances and transit accounts of the audit period according to the documents presented for the audit are as follows:

Advance payment				
Identification	Opening balance from 2015 EUR	Expense 2016 EUR	Revenue 2016 EUR	Closing balance 2016 carried forward to 2017 EUR
General Advances	2.169,59	14.173,91	13.442,26	1.437,94
General Advances Sparkasse	-	2.938,56	2.938,56	-
Permanent Advance AIPRAL	- 771,92	6.673,27	4.138,45	- 3.306,74
ARCR Membership	-	1.236,51	-	1.236,51
Fees	-	4.113,00	1.800,00	- 2.313,00
Opening balance from projects	1.203.232,26	1.208.673,64	1.247.642,79	1.242.201,41
Total:	1.204.629,93	1.237.808,89	1.269.962,06	1.236.783,10

Holding ledger				
Identification	Opening balance from 2015 EUR	Revenue 2016 EUR	Expense 2016 EUR	Closing balance 2016 carried forward to 2017 EUR
Transitory Items		375.612,35	375.612,35	-
Transitory Items Endowment USA		8.164,28	8.164,28	-
Deposit		-	3.417,00	- 3.417,00
Transitory Items - ExCom		55.085,52	55.085,52	-
Interests		9.005,53	9.005,53	-
Asset	1.204.629,93	770.319,47	734.749,30	1.240.200,10
Dep WCRC Europe		18.783,12	18.783,12	-
Balancing Accounts		282.157,76	282.157,76	-
Total:	1.204.629,93	1.519.128,03	1.486.974,86	1.236.783,10

The position “accounting balance carried forward from projects“ displayed under “advance payment“ amounting to 1,242,201.41 EUR and the position “asset“ displayed under “transitory items“ amounting to 1,240,200.10 EUR correspond to the reserve stock in ledger 92 (asset stock).

Within the frame of the audit, the ORA recommended no bookings to be required under transits or advances. This process will be clarified between the ORA and the WCRC after the audit.

Presentation of the asset situation

The total asset stock of the WCRC amounted to 4,239,344.35 EUR for the year-end closing as of 31st December 2016. Compared with the previous year (modified final stock 2015: 3,788,198.59 EUR), this stock has increased by 451,145.76 EUR (+11.91%) according to the accounting balance.

The asset accounting of the WCRC (SB 92) according to the documents presented for the audit is as follows as of 31st December 2016:

Reserve assets (including trust assets, according to SB 92)	Opening Balance EUR	Closing Balance EUR	Annual Percentage Change
WCRC Capital			
Reserve Fund	323.731,14	345.766,06	6,81%
North American Reserve Fund	29.804,51	0,00	-100,00%
IT Provision	12.063,59	12.063,59	0,00%
Fundraising Fund	11.012,44	11.012,44	0,00%
21st century reformation fund	3.964,36	3.964,36	0,00%
Alliance for life fund	2.973,51	2.973,51	0,00%
Regional Communication Support	2.185,16	132,14	100,00%
Reserve for FX Fluctuations	0,00	100.000,00	100,00%
Pension Contributions Reserve	0,00	389.820,91	100,00%

Continuation to the table reserve assets			
Reserve assets (including trust assets, according to SB 92)	Opening Balance EUR	Closing Balance EUR	Annual Percentage Change
Specific Asset Items			
UEK special donation	683.056,08	683.056,08	0,00%
Member Church Sp. Donations 2016	93.317,52	0,00	100,00%
Member Church Sp. Donations 2017	20.000,00	20.000,00	100,00%
PCK Peace and Reconciliation Justice & Partnership Office Support	0,00	2.381,11	100,00%
General Council Fund	533.278,13	549.182,27	2,98%
CWM Endowment Reserve	1.211.500,00	1.211.500,00	0,00%
Theology & Mission Office Programmes			
Global Institute of Theology (GIT)	28.998,90	0,00	-100,00%
Theological Dialogues	6.572,03	4.869,26	-25,91%
Anglican Dialogue	0,00	1.269,45	100,00%
Pentecostal Dialogue	0,00	4.950,78	100,00%
Catholic Dialogue	0,00	249,04	100,00%
Mission	25.272,99	31.592,03	25,00%
Madip	27.965,33	27.965,33	0,00%
Georges Lombard Prize	14.429,47	14.382,81	-0,32%
Justice & Partnership Offices Programmes			
Covenanting for Justice	2.750,97	582,06	-78,84%
Gender Justice	68.137,76	51.645,15	-24,20%
Theological Education for Women New Econ. & Financial Archit. (NIFEA)	155.841,17	146.983,47	-5,68%
NIFEA - GEM School	43.367,04	5.371,02	-87,61%
Oikotree	0,00	3.743,82	100,00%
Oikotree	5.063,77	4.768,09	-5,84%
Accra + 10	7.908,79	0,00	100,00%
Partnership Funds			
Partnership Fund A	101.823,19	88.906,83	100,00%
Partnership Fund B	25.716,00	49.636,00	93,02%
Partnership Fund D	0,00	100,00	100,00%
Partnership Fund E	632,17	632,17	0,00%

Continuation to the table reserve assets			
Reserve assets (including trust assets, according to SB 92)	Opening Balance EUR	Closing Balance EUR	Annual Percentage Change
General Programmes			
WCRC Regional Support	44.000,00	0,00	-100,00%
Regional Support - AIPRAL	0,00	27.000,00	100,00%
Regional Support - ACRC	0,00	45.998,50	100,00%
Global Internship Programme	38.963,50	58.112,39	49,15%
Global Internship Programme - GC	0,00	27.399,00	100,00%
Native American Project	3.164,33	0,00	-100,00%
Custodian Funds			
Mission Fund	18.016,30	18.016,30	0,00%
Calvin Publications Fund	26.638,17	0,00	-100,00%
Publications Fund	6.204,11	49.700,75	701,09%
UCC Death Penalty Consultation	5.175,70	5.175,70	0,00%
Provision "La pensée économique"	16.858,47	0,00	-100,00%
Equatorial Guinea	4.218,09	4.218,09	0,00%
Native American Project	0,00	3.164,33	100,00%
Sub-Total	3.604.604,69	4.059.186,91	12,61%
Trust Assets			
WCRC Europe	183.593,90	180.157,44	-1,87%
Total	3.788.198,59	4.239.344,35	11,91%

IV. AUDIT STATEMENTS

1. General statements

1.1 Correctness of the accounting / documentation

The WCRC has a significant accounting. The documents were randomly audited, their presentation is orderly and clearly laid out. The traceability of the audited business transactions was given. Upon request, further differentiated analyses apart from the compulsory annual financial statements were presented within the frame of the audit.

1.2 Job chart

The job chart presented by the WCRC within the frame of this audit is as follows:

Nr.	function	compensation	plan	result
1	General Secretary	B 3	1.0	1.0
2	Exec. Secretary for Communications	A 15	1.0	1.0
3	Exec. Secretary for Justice and Partnership	A 15	1.0	1.0
4	Exec. Secretary for Theology and Communion	A 15	1.0	1.0
5	Asst. for Finance and Communication	EG 9	1.0	1.0
6	Asst. for Justice and Theology (representation for parental leave)	EG 9	1.0	0.9
7	Asst. for Justice and Theology (parental leave) Job coverage plan 1.0	EG 9	0.0	0.0
8	Asst. for the Reformed Partnership Fund	EG 9	1.0	1.0
9	Asst. to the General Secretary	EG 9	1.0	1.0
Subtotal:			8.0	7.9
10	Programme Coordinator for Peace and Development	Fixed compensation	5,300 EUR	1.0
11	Volunteer Assistant	Minor employment	300 EUR	
12	Cleaning personnel	EG 2	0.18	0.18
13	Managing Director of the Exhibition "Living (the) Reformation Wolrdwide"	E 13	0.41	0.41
14	Service Provider	Fixed payment	1,000 EUR	
15	Consultant	Fixed payment	1,500 EUR	
			1,647.05 EUR	
16	Intern	Fixed payment	based on § 8 TVPÖD	1.0
			1,647.05 EUR	
17	Intern	Fixed payment	based on § 8 TVPÖD	1.0
			1,647.05 EUR	
18*	General Council Coordinator	---	1.0	1.0

* Mr. Lessing is employed by the Ev. Church of Westphalia

1.3 Current accounts balance

The ORA noticed that the account "PostFinance", among others, shows a balance of 699,067.87 EUR as of 31st December 2016. The ORA recommends reducing the balances on the foreign accounts so as to avoid high currency fluctuations.

2. Statements about the year-end closing

2.1. Correctness and completeness of the year-end closing

The 2016 year-end closing of the WCRC was compiled dated 27th February 2016 (ZB closing no. 03409). It shows a volume of 3,166,174.23 EUR.

For the audit, the documentation from accounting (SB) was provided as annual accounting document. Close inspection and checking of the contained proven year-end closing results gave no indication for differences of relevant significance.

Finally, it is determined that the year-end closing for the accounting year 2016 shows no significant gaps according to the ORA findings.

2.1 Budget balancing / utilization of the 2016 surplus

The balancing of the ordinary budget was induced by an allocation of the profit remaining after execution of all necessary bookings amounting to 66,475.73 EUR to the General Reserve Fund (SB 92, BSt. 5110.00 UK 1).

2.2. Balancing of payment methods and capital asset accounts / portfolio

For the audit, account and depot statements as well account balance statements were presented for all the payment methods installed in the WCRC as well as for all the asset components proven in the balance sheet (SB 92). In this regard, no statements have resulted.

2.3 Advance and transit accounts

The advance and transit accounts (SB 52) were balanced and traceable on the whole, with few permitted exceptions (e. g. the booking accounts corresponding to the SB 92 balance sheet where the solvent capital is assigned to the assets).

3. Single statements

3.1. Development of the program budgets

The program budgets that earmarked reserves exist for and that contributions are partly provided for by third parties are processed within the ordinary WCRC budget (SB 00).

The various program budgets are each separately administered and settled in the single plans 2, 3, 4 and 5 of the budget. For the year 2016, the program budgets are as follows (all amounts in EUR):

Programme Budgets 2016	Opening Balance EUR	Revenues EUR	Expenses EUR	Closing Balance EUR
Theology & Mission Office Programmes				
Global Institute of Theology (GIT)	2.769,91	0,00	2.769,91	0,00
Theological Dialogs	6.572,03	5.226,88	6.929,65	4.869,26
Anglican Dialogue	0,00	5.500,00	4.230,55	1.269,45
Pentecostal Dialogue	0,00	12.500,00	7.549,22	4.950,78
Catholic Dialogue	0,00	1.000,00	750,96	249,04
Mission	25.272,99	28.000,00	21.680,96	31.592,03
Mission - Mission on the Frontline	0,00	3.139,39	3.139,39	0,00
Mission - Secularization in Europe	0,00	19.221,86	19.221,86	0,00
Mission - Wittenberg Consultation	0,00	5.906,38	5.906,38	0,00
Madip	27.965,33	0,00	0,00	27.965,33
Georges Lombard Prize	14.429,47	0,00	46,66	14.382,81
Justice & Partnership Office Programmes				
Covenanting for Justice	2.750,97	631,09	2.800,00	582,06
Accra +10	7.908,79	0,00	7.908,79	0,00
Accra +10 - Bi-Regional Meeting CANAAC-AIPRAL	0,00	23.112,57	23.112,57	0,00
Oikotree	5.063,77	2.000,00	2.295,68	4.768,09
Oikotree - Participation in the Facilitating Working Group	0,00	2.000,00	2.000,00	0,00
Oikotree - Activities FWG Plan	0,00	499,09	499,09	0,00
New Economic & Financial Architecture (NIFEA)	43.367,04	0,00	37.996,02	5.371,02
NIFEA - GEM School	0,00	24.000,00	20.256,18	3.743,82
NIFEA - Panel	0,00	31.817,96	31.817,96	0,00
NIFEA - Colloquia	0,00	2.572,71	2.572,71	0,00
Gender Justice	68.137,76	10.341,47	26.834,08	51.645,15
Theological Education for Women	155.841,17	448,68	9.306,38	146.983,47
Human Trafficking				
Human Trafficking - Working Group			no activities	

Continuation to the table				
Programme Budgets 2016	Opening Balance	Revenues	Expenses	Closing Balance
	EUR	EUR	EUR	EUR
Justice & Partnership Office Programmes				
Working Group on Women Ordination	0,00	0,00	0,00	0,00
Working Group on Women Ordination - Follow-Up	0,00	20.000,00	20.000,00	0,00
Network Empowerment				
Network Empowerment - Face-to-Face Meetings			no activities	
United Nations Office for Advocacy				
Empowerment of WCRC Voice at UN- Level for Advocacy				
Partnership Funds				
Partnership Fund A	101.823,19	177.243,51	190.159,87	88.906,83
Partnership Fund B	25.716,00	26.000,00	2.080,00	49.636,00
Partnership Fund D	0,00	51.953,00	51.853,00	100,00
Partnership Fund E	632,17	5.400,00	5.400,00	632,17
General Programmes				
WCRC Regional Support	44.000,00	49.000,00	20.001,50	72.998,50
Regional Support - Capacity-Building	0,00	30.266,45	30.266,45	0,00
Youth Programme	0,00	0,00	0,00	0,00
Global Internship Programme	38.963,50	76.561,83	57.412,94	58.112,39
Global Internship Programme - GC	0,00	28.000,00	601,00	27.399,00
Native American Project	3.164,33	0,00	0,00	3.164,33
Globale Initiatives - Korea Reunification Process	0,00	17.164,71	17.164,71	0,00
Global Initiatives - Peace and Reconciliation Colombia WCRC	0,00	5.093,33	5.093,33	0,00
Global Initiatives - Peace and Reconciliation Colombia IPC	0,00	36.901,22	36.901,22	0,00
Key Initiatives				
Otto per Mille	0,00	175.000,00	175.000,00	0,00
EMW	0,00	160.000,00	160.000,00	0,00
Total	574.378,42	1.036.502,13	1.011.559,02	599.321,53

The following statements concerning the program budgets resulted within the scope of the audit:

- Six of the forty programs showed no financial activities in the year 2016.

- For the administration of the program budgets the WCRC practices a procedure which completely transfers the earmarked stocks of the program reserves from the WCRC balance sheet to the ordinary budget for administration every year so as to make the available means visible in the program budget for the responsible executive secretaries. At the end of a financial year, the remaining means are transferred back to the corresponding reserves within the scope of the year-end procedures considering the running revenues and expenses of the projects.
- In the accounting year 2016, the program means were transferred back at the beginning of the accounting year at the beginning of March – insofar promptly. Thus, the previously described procedure is given with the original intention of transparency.
- The finance committee of the WCRC decided that a global administrative cost allocation of 8% is to be paid from the program budgets to the core budget so as to finance the administrative overhead expenses resulting in the Hanover office. They are applied when other administrative costs rates are indicated.

A cursory review of the program costs showed no indications for a misappropriated utilization and/or classification of the funds.

For the projects, the unutilized remaining means are allocated to the transit accounts and transferred at the beginning of the year. The ORA recommends running the corresponding programs as so-called “self-closers” in the accounting program (KFM) with the corresponding accounting balance automatically being transferred into the next budget year so as to reduce the administrative effort significantly.

3.2 Certification of the contribution funds

The revenues from contributors shown in the year-end closing of the year 2016 amount to a total of 570,788.56 EUR. The opening balance from remaining funds from the previous year (2015) amounts to 200,095.08 EUR, thus, the total revenues for the year 2016 for projects amounted to 770,883.64 EUR.

The following shows an overview of the different contributors for the year 2016:

Contributor	Remaining funds previous year 2015 EUR	Revenues 2016 EUR	Expenses 2016 EUR	Remaining funds carried forward 2017 EUR
Council for World Mission	-	98.788,56	98.788,56	-
ICCO - Kerk in Actie	-	20.000,00	20.000,00	-
Otto per Mille	-	175.000,00	175.000,00	-
Evangelical Missionar	98.271,89	160.000,00	172.184,72	128.865,32
Bread for the World	101.823,19	117.000,00	129.916,36	88.906,83
Total:	200.095,08	570.788,56	595.889,64	217.772,15

After discounting the accounting-relevant expenses of 595,889.64 EUR, a revenue surplus of 217,772.15 EUR remains, which was transferred as earmarked into the budget year 2017.

3.3. Membership fees

The development of the WCRC membership fees within the audited period based on the documents presented shows the following absolute figures:

Regional Membership Fees	Budgeted EUR	Actuals EUR	Difference EUR
Africa	12.000,00	47.787,38	35.787,38
Latin America	3.000,00	5.521,30	2.521,30
Caribbean and North America	255.000,00	265.267,63	10.267,63
Asia	54.000,00	56.377,79	2.377,79
Pacific	3.500,00	3.843,81	343,81
Europe	436.000,00	401.522,64	-34.477,36
total	763.500,00	780.320,55	16.820,55

Currently, the WCRC office is still busy processing the development of the membership fees of the last years so as to obtain an overview of the existing payment obligations and fee backlogs of the member churches. Further new findings concerning the existing payment obligations were achieved in 2016 by means of better communication with the member churches. Within the frame of the General Council, the future modalities of the payment of fees will be pointed out to the churches. The aim is to achieve a reliable payment of fees in the future.

3.4 Expat expenses

The so-called "expat expenses" are benefits for the WCRC employees. The right to payment complies with the WCRC internal regulations of the "personnel policies and

practices“. These are especially benefits concerning the costs of children’s school fees, rent and meals of children studying outside Hanover, language courses for spouses and children as well travel to the employees’ home countries every two years.

The costs spent for this by the WCRC in 2016 can be summarized as follows.

Expat Expenses	plan EUR	result EUR	offsetting EUR
1110. General Secretary	4.000,00	175,00	3.825,00
1111. Executive Secretaries	34.500,00	31.595,98	2.904,02
total	38.500,00	31.770,98	6.729,02

For the rest, the ORA carried out a random revision of singular cases and confirms agreement with the regulations of the “personnel policies and practices“.

3.5 Risks resulting from currency fluctuations

Within the frame of this audit, the ORA determined that the WCRC realized earnings from currency conversions amounting to 14,294.56 EUR (previous year 131,511.49 EUR) in the accounting year 2016.

Upon inquiry by the ORA, the WCRC explained that it was not possible to plan currency fluctuations between EUR, CHF and USD. The accordance between accounting and the account balances requires calculating and booking the currency gains and losses continuously because, otherwise, it is not possible to balance the cash accounts. Predicting the rate development is still impossible in the process.

In the last audit report, the ORA recommended the creation of an earmarked reserve so as to safeguard against a negative currency fluctuation.

Therefore, the ORA welcomes the fact that the WCRC has established a corresponding reserve amounting to 100,000.00 EUR.

3.6 Child allowance

As of 1st August 2016, the WCRC employed a cleaner in a marginal employment with 7 working hours weekly. When revising the staff files, the ORA noticed that this employee was being paid no child allowance.

According to the EKD employment contract regulations (DVO.EKD) § 10, every employee is to receive a monthly allowance (child allowance) of 90.00 EUR for every

child he/she receives child benefit for, either according to the income tax law (*Einkommensteuergesetz (EStG)*) or according to the federal child benefit law (*Bundeskindergeldgesetz (BKGG)*). Part-time employees are to receive the child allowance in proportion to the extent of their employment.

3.7 Payroll services

The salary accounting and making remunerations payable is carried out by the Evangelical Reformed Church, Leer. According to the information provided, no transaction contract has been concluded between the WCRC and Ev. Ref. Church so far.

The ORA recommends concluding a transaction contract containing the main rights and obligations for both contractual parties.

3.8 Earmarked means

When checking the reserve assets during the previous year's audit, the ORA had noticed that some earmarked donation positions were being kept there from previous years. In addition, these positions had shown no changes in their balances for several years. The ORA had recommended deciding about the further use and assignment of these means promptly.

The WCRC was able to identify the corresponding contributors and appropriation for all but three positions. The remaining balances are to be promptly clarified with the contributors. The presidency of the Executive Committee has approved of an altered utilization and centralization. The corresponding bookings were already determined in the year-end closing 2016.

4. Statements from previous audits

Within the current audit, the ORA requested the status of the statements from previous audits. The WCRC office made a detailed comment concerning these statements. The ORA summarizes the results regarding the essential points as follows:

4.1 Introduction of an inventory

In the last audit report, the ORA had proposed introducing an inventory. Within the frame of the year-end closing 2016, an inventory was submitted to the ORA.

4.2 Employment process for new staff

Within the frame of its last audit, the ORA had examined the employment process for new staff. For this purpose, the WCRC had first provided the ORA with a process description (target situation), with the title "Narrative of WCRC Hiring Procedures".

The ORA had suggested regulating the financial aspects to be observed concerning new employment, e. g. job evaluation, possible assumption of travel expenses to interviews, etc. and adding them to the process description.

The aspects to be observed, e. g. job evaluation, assumption of travel expenses to interviews, have been added to the process description. Thus, an accurate documentation of the entire employment process is ensured.

4.3 Bonus miles

While revising the year-end closing documents 2015, the ORA had noticed that the airlines and the Deutsche Bahn offer so-called frequent flyer or bonus programs. These bonuses are generally in-kind bonuses, which are taxable in the sense of benefits in kind under certain circumstances. Therefore, the ORA had checked the orderly handling of these bonuses.

The WCRC gave the following statement concerning the issue of handling the bonus miles:

The WCRC utilizes a program that credits all the bonus miles. In addition, the passenger is also credited for miles as a part of this program. It is the employees' responsibility to pay the corresponding taxes.

The ORA welcomes the fact that the procedural and fiscal aspects have been considered additionally in the regulations "Corporate Travel Policies".

4.4 Order system

Within the frame of the audit, the ORA pointed out that the required two signatures are always to be placed on the pay office order regarding compliance with the four-eyes principle.

During this year's audit, the ORA determined that the four-eyes principle has been complied with continuously.

4.5 General notes

Various questions and problems which had arisen during the audit were discussed orally. Any further handling of these points within the scope of this audit is unnecessary since the questions were clarified and/or future observation is to be expected. Essentially, the following points were discussed:

- Memorizing the personnel costs per interface and
- Percentaged distribution of the personnel costs (to various budget lines) in the gross personnel costs list.

V. FINAL REMARK

Audit result

Audit of the financial statement 2016

Subject of the audit was the annual financial statement submitted by the WCRC for the year 2016. According to the result of this audit, the ORA can confirm that:

- the accounting in the accounting year 2016 occurred in due form and in compliance with the principles of orderly accounting,
- the WCRC financial statement conveys an image of the results and assets situation which largely corresponds to the actual circumstances and complies with the general fiscal principles and
- the year-end closing 2016 was correctly developed from the WCRC accounting.

Audit of the economic management and assets administration

With reference to the WCRC management of the budget and economy and the assets administration and as a result of the audit, the ORA can – independently from the questions brought up in the audit statements – confirm that:

- the budget resolved by the WCRC Executive Committee was essentially executed in due form, economically and thriftily and
- there are no indications for the fact that the regulations and principles effective for management might have been ignored to a considerable extent.

Recommendation of discharge

- According to the dutiful discretion of the ORA, there are no objections against the approval and authorization of the annual accounts by the Executive Committee according to articles X and XIV of the WCRC constitution.
- In the overall view, the exoneration of the General Secretary and the General Treasurer for the budget and economic management as well as the asset administration of the WCRC for the accounting year 2016 can be recommended.

Hanover, the 1st June 2017



A handwritten signature in blue ink, appearing to be "Witzg".

(OKR WEITZENBERG)

OBERRECHNUNGSAMT DER
EVANGELISCHEN KIRCHE IN DEUTSCHLAND

ON THE REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT FOR 2015

3.1 Employment process for new staff

The financial aspects to be observed concerning new employment, e.g. job evaluation, possible assumption of travel expenses to interviews, etc. have been regulated and added to the process description so that a thorough documentation of the entire employment process will can be ensured.

3.4 Membership fees

The Finance Office has prepared an overview of the recent payment history of member churches.

The work on the database is ongoing. Given the number of member churches, changes in leadership, and the difficulties many regions face to ensure stable internet access, it is to be expected that there will always be fluctuations.

Two staff members have been working continuously on establishing contact with churches whose contact details are either unknown or have not responded to communication via email. Attempts at reaching these churches are made via telephone, fax and snail mail, as well as by contacting partner churches and mission agencies.

The migration from File Maker Pro to the current database, Salesforce, has been completed.

Database updates are carried out continuously, new information has been coming in on a regular basis, especially thanks to the naming process of delegates for the General Council.

It remains to be seen to what extent the above increases the response rate of member churches in 2017.

3.6 Bonus miles

The WCRC uses a programme that credits all bonus miles to the organization. As part of that programme, the passenger also receives bonus miles. It is the employees' own responsibility to tax them.

3.7 Risks resulting from currency fluctuation

Funds in the amount of 100,000 euro coming from the 2015 year-end surplus, that were allocated to the general reserve, have been allocated to create an earmarked reserve for currency risks.

3.8 Earmarked means

The source of means coming from donations that have not been used for several years have been researched. All but three have been clarified in terms of source and purpose. The Officers have authorized repurposing/renaming/grouping together of funds. This has been carried out mostly in the budget year 2016 so that these means can now be used according to their purpose and in a timely manner. The donors of the three remaining funds have been identified. The WCRC is in communication with one and awaiting response from the other.

An overview for each fund incl. donor, purpose and decision is available.

3.10 Introduction of an inventory sheet

An inventory sheet has been created.